

NEW HARMONY VALLEY SPECIAL SERVICE DISTRICT
A COMPONENT UNIT OF WASHINGTON COUNTY, UTAH
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS



KEMP BURDICK
KEMP BURDICK HINTON & HALL L.C.
CPA'S & ADVISORS

**NEW HARMONY VALLEY SPECIAL SERVICE DISTRICT
A COMPONENT UNIT OF WASHINGTON COUNTY, UTAH**

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FINANCIAL SECTION



HINTONBURDICK
HINTON BURDICK HALL & SPILKER PLLC
CPAs & ADVISORS

Report of Independent Certified Public Accountants

To the Administrative Board of Directors
New Harmony Valley Special Service District
New Harmony, UT 84757

MEMBERS:
KRIS J. BRAUNBERGER
DEAN R. BURDICK
ROBERT S. COX
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KENNETH A. HINTON
MORRIS J. PEACOCK
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MARK E. TICHENOR

We have compiled the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Harmony Valley Special Service District, as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

Hinton, Burdick, Hall & Spilker, PLLC

HINTON, BURDICK, HALL & SPILKER, PLLC
September 15, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the New Harmony Valley Special Service District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2005. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- Total assets exceed total liabilities (net assets) by \$ 280,037 at the close of the fiscal year.
- Total net assets increased by \$74,960.
- Total long-term debt decreased by \$44,723.
- The District received federal and state grant funds of \$33,686.
- Total revenues from all sources, including debt, were \$138,607 and the total cost of all District programs was \$153,031.
- Total revenue received in the General Fund was \$45,074 more than the final budget and expenditures were \$42,824 more than the final budget.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Assets and the Statement of Activities. These statements provide information about the activities of the District as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements. (3) Notes to the financial statements.

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities (Government-wide)

A frequently asked question regarding the District's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. Net assets, the difference between assets and liabilities, are one way to measure the District's financial health, or financial position. Over time, increases or decreases in net assets are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the District's property tax base or jurisdiction, the availability of capital projects, and condition of the District's assets to accurately assess the overall health of the District.

The Statement of Net Assets and the Statement of Activities, present information about the following:

- Government activities – All of the District's basic services are considered to be governmental activities, including public safety and interest on long-term debt. Property taxes, intergovernmental revenues and charges for services finance most of these activities.
- Proprietary activities/Business type activities – The District currently does not maintain any proprietary activities; all activities are accounted for as governmental activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the District as a whole. The District's major fund uses the accounting approaches as explained below.

- Governmental funds – All of the District's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation included with the Basic Financial Statements and in footnote 2.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of the District's financial position. The District's combined assets exceed liabilities by \$280,037 as of December 31, 2005 as shown on the following condensed statement of net assets.

Statement of Net Assets

	12/31/2004	12/31/2005
Current and other assets	\$ 61,951	\$ 47,608
Capital assets	372,277	422,079
Total assets	434,228	469,687
Long-term obligations	224,802	182,887
Other liabilities	8,354	6,763
Total liabilities	233,156	189,650
Net assets:		
Invested in capital assets, net of related debt	139,572	232,961
Unrestricted	61,500	47,076
Total net assets	\$ 201,072	\$ 280,037

Governmental Activities

The cost of all Governmental activities this year was \$63,647. Overall governmental program revenues, including intergovernmental aid and fees for services were \$37,081. General taxes, investment earnings and other revenues totaled \$101,526.

The District's programs include: Public Safety. Each programs' net cost (total cost less revenues generated by the activities) is presented below. The net cost shows the extent to which the District's general taxes support each of the District's programs.

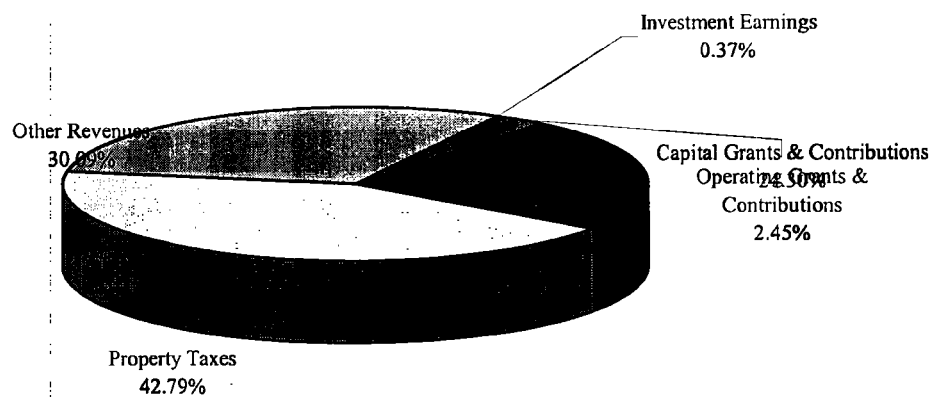
Changes in Net Assets

	<u>12/31/2004</u>	<u>12/31/2005</u>
Revenues:		
Program revenues:		
Charges for services	\$ -	\$ -
Operating grants and contributions	372	3,395
Capital grants and contributions	76,000	33,686
General revenues:		
Property taxes	50,808	59,312
Impact fees	18,500	41,700
Unrestricted investment earnings	197	514
Total revenues	<u>145,877</u>	<u>138,607</u>
Expenses:		
Public safety	25,464	50,598
Interest on long-term debt	4,005	9,044
Total expenses	<u>29,469</u>	<u>59,642</u>
Increase in net assets	116,408	78,965
Net assets, beginning	<u>84,664</u>	<u>201,072</u>
Net assets, ending	<u>\$ 201,072</u>	<u>\$ 280,037</u>

Total resources available during the year to finance governmental operations were \$339,679 consisting of Net assets at January 1, 2005 of \$201,072, program revenues of \$37,081 and General Revenues of \$101,526. The total cost of Governmental Activities during the year was \$59,642; thus Governmental Net Assets were increased by \$78,965 to \$280,037.

The following graph provides a breakdown of revenues by source for all government activities.

Revenue By Source - Governmental Activities



General Fund Budgetary Highlights

The final appropriations for the General Fund at year-end were \$42,824 less than actual expenditures. Actual revenues were greater than the final budget by \$45,074. Budget amendments and supplemental appropriations were not made during the year after the adoption of the original budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the District are those assets that are used in performance of District functions. Net Capital Assets of the governmental activities the end of fiscal year 2004, were \$422,079. Depreciation on capital assets is recognized in the Government-Wide financial statements. (See note 5 to the financial statements.)

Debt

At year-end, the District had \$183,977 in governmental type debt which is secured by the buildings and equipment of the District. (See note 6 to the financial statements for detailed descriptions.)

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the District Budget for fiscal year 2006, the District Board and management estimated that the budget for operating revenues and expenditures to be similar to amounts budgeted for 2004.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Barbara Kelesy, New Harmony Valley Special Service District at P.O. Box 655, New Harmony, UT 84757 or call 435-586-5306.

BASIC FINANCIAL STATEMENTS

NEW HARMONY VALLEY SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
Statement of Net Assets
December 31, 2005

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 47,608
Receivables (net of allowance)	-
Restricted assets:	
Temporarily restricted:	
Cash and cash equivalents	-
Capital assets (net of accumulated depreciation)	
Land	8,750
Buildings and improvements	299,643
Machinery and equipment	37,720
Emergency Vehicles	75,966
Total assets	<u>469,687</u>
Liabilities	
Accounts payable	532
Interest payable	1,136
Noncurrent liabilities:	
Due within one year	5,095
Due in more than one year	182,887
Total liabilities	<u>189,650</u>
Net Assets	
Invested in capital assets, net of related debt	232,961
Unrestricted	47,076
Total Net Assets	<u>\$ 280,037</u>

See accompanying notes and accountants' report.

NEW HARMONY VALLEY SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
Statement of Activities
For the Year Ended December 31, 2005

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Total
Governmental activities:						
Public safety	\$ 50,598	\$ -	\$ 3,395	\$ 33,686	\$ (13,517)	\$ (13,517)
Interest on long-term debt	9,044	-	-	-	(9,044)	(9,044)
Total governmental activities	59,642	-	3,395	33,686	(22,561)	(22,561)
General Revenues:						
Taxes:						
Property taxes					59,312	59,312
Other revenues					41,700	41,700
Unrestricted investment earnings					514	514
Gain on the sale of assets					-	-
Total general revenues & transfers					101,526	101,526
Change in net assets					78,965	78,965
Net assets - beginning					201,072	201,072
Net assets - ending					\$ 280,037	\$ 280,037

See accompanying notes and accountants' report.

NEW HARMONY VALLEY SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)

Balance Sheet
Governmental Funds
December 31, 2005

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and Investments	\$ 782	\$ 46,826	\$ 47,608
Accounts receivable	-	-	-
Due from other governments	-	-	-
Restricted cash	-	-	-
Total Assets	<u>\$ 782</u>	<u>\$ 46,826</u>	<u>\$ 47,608</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	<u>\$ 532</u>	<u>\$ -</u>	<u>\$ 532</u>
Total Liabilities	<u>532</u>	<u>-</u>	<u>532</u>
Fund Balances:			
Reserved for:			
Debt service	-	-	-
Unreserved:			
Designated for capital projects	-	46,826	46,826
Unreserved	<u>250</u>	<u>-</u>	<u>250</u>
Total fund balances	<u>250</u>	<u>46,826</u>	<u>47,076</u>
Total Liabilities and fund balance	<u>\$ 782</u>	<u>\$ 46,826</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	422,079
Some liabilities, including bonds payable, capital leases, and accrued interest are not due and payable in the current period and therefore are not reported in the funds.	<u>(189,118)</u>
Net assets of governmental units	<u>\$ 280,037</u>

See accompanying notes and accountants' report.

NEW HARMONY VALLEY SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General Fund	Capital Project Fund	Total Governmental Funds
Revenues:			
Property Taxes/Standby fees	\$ 59,312	\$ -	\$ 59,312
Impact fees	41,700	-	41,700
Grants	-	33,686	33,686
Contributions/fund raisers	-	3,395	3,395
Interest revenue	514	-	514
Total Revenues	101,526	37,081	138,607
Expenditures:			
Current:			
Fire protection and emergency services	23,344	-	23,344
Debt service	52,631	-	52,631
Capital outlay	-	77,056	77,056
Total Expenditures	75,975	77,056	153,031
Excess of Revenues Over/(Under) Expenditures	25,551	(39,975)	(14,424)
Other Financing Sources (Uses):			
Proceeds from debt	-	-	-
Operating transfers in	-	25,552	25,552
Operating transfers out	(25,552)	-	(25,552)
Net change in fund balances	(1)	(14,423)	(14,424)
Fund Balance - Beginning of Year	251	61,249	61,500
Fund Balance - End of Year	\$ 250	\$ 46,826	\$ 47,076

See accompanying notes and accountants' report.

NEW HARMONY VALLEY SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2005

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (14,424)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	49,802
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The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principle of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt.	44,723
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Accrued Interest for Long-term debt is not reported as an expenditure for the current period while it is recorded in the statement of activities	(1,136)
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Change in net assets of governmental activities	<u>\$ 78,965</u>
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See accompanying notes and accountants' report.

NEW HARMONY VALLEY SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
Notes to the Financial Statements
December 31, 2005

NOTE 1. Significant Accounting Policies

General

The accounting and reporting policies of the New Harmony Valley Special Service District (The District) conform with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Reporting Entity

The District, a component unit of Washington County was established by the Washington County Commission to provide fire protection for the community of New Harmony and the surrounding area. The Accompanying financial statements include all activities of the District. There are no other agencies or component units that should be associated with these financial statements.

Government-Wide Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information about the District, the primary government, as a whole.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

NEW HARMONY VALLEY SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
Notes to the Financial Statements
December 31, 2005

NOTE 1. Significant Accounting Policies, Continued

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than as an expenditure. Proceeds from long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long term debt of the District are reported as a reduction of a related liability, rather than as expenditures in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become both measurable and available. "Measurable" means that the amounts can be reasonably determined within the current period. "Available" means that the amounts are collectible within the current period, or soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, except for interest on long-term debt, which is recognized when due.

The **General Fund** is used to account for all financial resources applicable to the general operations of the District.

The **Capital Project Fund** is used to account for all financial resources applicable to the capital projects of the District.

Budgets and Budgetary Accounting

Annual budgets are prepared and adopted by resolution by the Board on or before December 15th for the following calendar year in accordance with State law. Prior to adoption of the budget a public hearing is conducted to obtain taxpayer input. The budget includes proposed expenditures and the proposed sources of financing for such expenditures and is adopted on a basis consistent with generally accepted accounting principals using the modified accrual basis of accounting. Budgets are adopted and control of budget appropriations are exercised under State law, at the department level. Budget amendments are required to increase expenditure budgets. During the current fiscal year there were amendments to the budget. Procedures for amending the budgets were in accordance with State laws.

Capital Assets and Depreciation

General capital assets are those assets not specifically related to activities reported in proprietary funds. These assets are reported in the governmental activities column of the government-wide statement of net assets.

NEW HARMONY VALLEY SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
Notes to the Financial Statements
December 31, 2005

NOTE 1. Significant Accounting Policies, Continued

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized (recorded and accounted for) in the General Capital Asset Account Group. Infrastructure such as streets, traffic signals and signs are capitalized. The District has no infrastructure assets. The valuation bases for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 40 years; equipment, 5-7 years.

Net Assets

Net assets is the difference between assets and liabilities. Net assets invested in capital assets, net of related debt are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by other governments, creditors or grantors.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District.

Compensated Absences

There are no accruals for accumulated sick and vacation as the District currently does not have any full-time employees nor such a policy.

Inventory

The costs of governmental fund-type inventories are recorded as expenditures when purchased. Also, the District's inventory of materials and supplies is deemed to be immaterial; thus, no provision for inventory has been made in these financial statements.

Risk Management

The District maintains insurance for general liability, auto liability, collision, property damage, comprehensive fire & theft, fidelity bonds, and workers compensation through the Utah Local Government Insurance Trust.

NEW HARMONY VALLEY SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
Notes to the Financial Statements
December 31, 2005

NOTE 1. Significant Accounting Policies, Continued

Property Taxes

Property taxes are collected by the Washington County Treasurer and remitted to the District in monthly installments. Taxes are levied and are due and payable on November 1 and delinquent after November 30 of each year at which time they become liens if not paid. Over 75% of the District's taxes are remitted to the District in December and January.

Estimates

Generally accepted accounting principles require management to make estimates and assumptions that affect assets and liabilities, contingent assets and liabilities, and revenues and expenditures. Actual results could differ from those estimates.

NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are as follows:

Bonds Payable	\$ 183,977
Accrued Interest Payable	<u>5,141</u>
Net adjustment to decrease fund balance – total governmental funds to arrive at net assets of governmental activities	<u>\$ 189,118</u>

NEW HARMONY VALLEY SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
Notes to the Financial Statements
December 31, 2005

NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements, Continued

Explanation of differences between governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follows:

Capital Outlay	\$ 77,056
Depreciation expense	<u>(27,255)</u>
Net adjustment to increase net changes in fund balance – total governmental funds to arrive at changes in net assets of governmental funds	<u>\$ 49,801</u>

NOTE 3. Cash Deposits and Investments

The District's cash and cash equivalents are considered to be cash-on-hand, demand deposits and short-term investments with original maturities of three months or less from the date of the acquisition for purposes of this note.

Cash Deposits

At December 31, 2005, the carrying amount of the Service District's deposits was \$47,608 and the bank balance was \$47,608. Of the bank balance, 100% was covered by Federal depository insurance. Deposits are not collateralized nor are they required to be by state statute.

Investments

The District follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) in handling its depository and temporary investment transactions. This law requires the depositing of District funds in a "qualified depository". The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

NEW HARMONY VALLEY SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
Notes to the Financial Statements
December 31, 2005

NOTE 3. Cash Deposits and Investments, Continued

The Money Management Act also defines the types of securities allowed as appropriate temporary investments for the District and the conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

Certain assets are restricted by provisions of the bond resolutions. The resolutions also describe how these restricted assets may be deposited and invested. Restricted cash may only be deposited in state or national banks meeting certain minimum net worth requirements or invested in securities representing direct obligations of or obligations guaranteed by the United States government, agencies of the United States government, any state within the territorial United States of America; or repurchase agreements or interest bearing time deposits with state or national banks meeting certain minimum net worth requirements; or certain other investments.

The Districts had no investments during the fiscal year December 31, 2004.

The District's deposits and investments are summarized and presented in the financial statements at cost as follows:

Cash - unrestricted	\$ 47,608
Cash - restricted	<u>-</u>
Cash and cash equivalents	<u><u>\$ 47,608</u></u>

NOTE 4. Accounts Receivable – Due From Other Governments

Accounts Receivable and Due from Other Governments is deemed to be immaterial; thus, no provision for Accounts Receivable has been made in the fund financial statements.

NEW HARMONY VALLEY SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
Notes to the Financial Statements
December 31, 2005

NOTE 5. Capital Assets and Depreciation

Capital asset activity for the year ended December 31, 2004 is as follows;

Governmental Activities:

	<u>Balance</u> <u>12/31/2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2005</u>
Capital assets, not being depreciated:				
Land	\$ 8,750	\$ -	\$ -	\$ 8,750
Total capital assets, not being depreciated	<u>8,750</u>	<u>-</u>	<u>-</u>	<u>8,750</u>
Capital assets, being depreciated:				
Buildings and Improvements	311,993	-	-	311,993
Machinery and Equipment	53,766	25,042	-	78,808
Emergency Vehicles	92,900	52,015	(8,000)	136,915
Total capital assets, being depreciated	<u>458,659</u>	<u>77,057</u>	<u>(8,000)</u>	<u>527,716</u>
Less accumulated depreciation for:				
Buildings and Improvements	(4,550)	(7,800)	-	(12,350)
Machinery and Equipment	(35,980)	(5,108)	-	(41,088)
Emergency Vehicles	(54,602)	(14,347)	8,000	(60,949)
Total accumulated depreciation	<u>(95,132)</u>	<u>(27,255)</u>	<u>8,000</u>	<u>(114,387)</u>
Total capital assets, being depreciated, net	<u>363,527</u>	<u>49,802</u>	<u>-</u>	<u>413,329</u>
Governmental activities capital assets, net	<u>\$ 372,277</u>	<u>\$ 49,802</u>	<u>\$ -</u>	<u>\$ 422,079</u>

The entire \$27,255 of depreciation was charged to the governmental activity, public safety.

NEW HARMONY VALLEY SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
Notes to the Financial Statements
December 31, 2005

NOTE 6. Long -Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2004.

	Balance 12/31/2004	Additions	Retirements	Balance 12/31/2005	Current Portion
USDA 97-01	\$ 189,000		\$ 5,023	\$ 183,977	\$ 5,095
USDA 97-02	39,700	-	39,700	-	-
Total Long-term Debt	<u>\$ 228,700</u>	<u>\$ -</u>	<u>\$ 44,723</u>	<u>\$ 183,977</u>	<u>\$ 5,095</u>

Notes Payable at December 31, 2004 are comprised of the following issues:

Notes Payable

Note Payable USDA, Series 97-01, due in annual principal and interest installments of \$11,265, bearing interest at 4.25% maturing May 26, 2034.

\$ 183,977

Note Payable USDA, Series 97-02, due in principal and interest installments of \$2,402 bearing interest at 4.375% maturing September 10, 2034.

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Total Notes Payable

\$ 183,977

NEW HARMONY VALLEY SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
Notes to the Financial Statements
December 31, 2005

NOTE 6. Long-Term Debt, Continued

The annual requirements to amortize notes payable at December 31, 2004 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	5,095	6,170	11,265
2008	3,662	7,603	11,265
2009	3,818	7,447	11,265
2010-2014	21,667	34,658	56,325
2015-2019	26,679	29,646	56,325
2020-2024	32,851	23,474	56,325
2025-2029	40,451	15,674	56,125
2030-2034	49,754	6,515	56,269
Totals	<u>\$ 183,977</u>	<u>\$ 131,187</u>	<u>\$ 315,164</u>

REQUIRED SUPPLEMENTARY INFORMATION

NEW HARMONY VALLEY SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Property taxes	\$ 43,452	\$ 43,452	\$ 59,312	\$ 15,860
Impact fees	13,000	13,000	41,700	28,700
Grants	-	-	-	-
Contributions/fund raisers	-	-	-	-
Finance charges and other revenues	-	-	-	-
Interest revenue	-	-	514	514
Total Revenues	56,452	56,452	101,526	45,074
Expenditures:				
Current:				
Fire protection and emergency services	20,150	20,151	23,344	(3,193)
Debt service	13,000	13,000	52,631	(39,631)
Capital outlay	-	-	-	-
Total Expenditures	33,150	33,151	75,975	(42,824)
Excess of Revenues Over/(Under) Expenditures	23,302	23,301	25,552	2,250
Other Financing Sources (Uses):				
Operating transfers out	(23,302)	(23,302)	(25,552)	(2,250)
Net change in fund balance	-	(1)	-	-
Fund Balance - Beginning of Year	251	251	251	-
Fund Balance - End of Year	\$ 251	\$ 250	\$ 251	\$ -

See accountants' report.